

AR21

NEWS LETTER
NOVEMBER 1969





November 10, 1969

To The Shareholders:

In our previous letter to shareholders dated September 18, 1969, we reviewed the factors surrounding your Directors' decision to withdraw a proposed issue of Red Barn System (Canada) Limited. At the same time, we indicated that your Directors and Management were studying alternate methods of best handling the Company's future financial requirements and that we would keep you advised as to our progress.

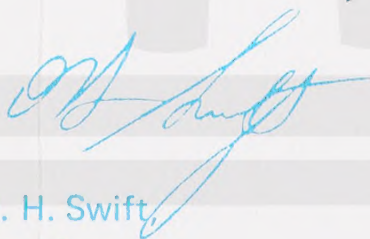
We are pleased to report the sale of \$5,000,000 of 8 1/2% convertible subordinated debentures by way of an underwriting agreement with Cochran, Murray & Company Limited and Fry & Company Limited. This issue will be sold to the public rather than through a rights offering to shareholders as was originally proposed for the Red Barn issue. For this reason, any shareholder who has an interest in obtaining more information as to the offering should contact his own investment dealer.

The Directors and Officers of Capital or companies with which they are associated, if requested by the underwriters, will subscribe for a minimum of \$900,000 principal amount of the Debentures or any portion thereof. We believe this to be tangible evidence of the faith that your Directors and Management have in the future of your Company.

We are also pleased to announce that we have entered into an agreement to purchase the egg grading and packaging plant of Cuddy Foods Limited in Strathroy, Ontario. The assets to be purchased include land and a modern plant constructed in 1965, as well as all of the equipment and vehicles. The plant and equipment has a capacity of 10,000,000 dozen eggs annually and this volume is expected to be reached over the next three years. The present volume of this plant is approximately 4,000,000 dozen eggs annually. This egg grading and packaging plant which supplies carton eggs to major food markets throughout Ontario, will become the nucleus of a new division to be known as Capital Foods.

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Details as to the current status of the operations of all our divisions along with a report on consolidated earnings for the first nine months of 1969, will be forwarded to you about the middle of November.



D. H. Swift
President.

DHS:bg

